

From: Lawrence, Rob
Sent: Tuesday, May 13, 2014 9:14 AM
To: Luthans, William;Overbay, Michael;Dellinger, Philip;Johnson, Ken-E;Dorsey, Nancy;Graves, Brian;Bates, William
Cc: susie.mckenzie@denbury.com
Subject: Dallas Morning News - Railroad Commission on induced seismicity

After quakes, Texas Railroad Commission considers stricter rules on drilling

By JAMES OSBORNE
The Dallas Morning News
Staff Writer

josborne@dallasnews.com

Published: 12 May 2014 09:12 PM

Updated: 12 May 2014 09:48 PM

State oil and gas regulators are considering stricter rules for drillers after a series of earthquakes in North Texas less than six months ago.

Milton Rister, executive director of the Texas Railroad Commission, testified at a legislative hearing Monday that the commission was assessing how it regulates the underground wells used to store wastewater from drilling. He said the commission was waiting for more information and declined to offer further detail.

“A knee-jerk reaction could have a negative impact on our economy because of the large role the oil and gas industry plays here,” he said. “I think the three commissioners are aware we need to make some adjustment ... but don’t want to do something we all end up regretting a year from now.”

The House Subcommittee on Seismic Activity took testimony Monday on what role the natural gas industry might have played in a series of more than 25 earthquakes around Azle beginning in November. The last significant event was recorded Jan. 28.

A team of scientists from Southern Methodist University has set up monitoring stations around the town to study the phenomenon. But earlier this year the university warned results could be years off. Azle sits atop the Barnett Shale, one of nation’s most productive natural gas fields.

Gas companies use underground injection wells to store the large volumes of wastewater that come out of the ground during drilling. For decades injection wells have been connected with induced seismic activity, prompting states like Arkansas to enact moratoriums.

So far Texas has avoided such action. But pressure is mounting from residents unnerved by the sudden occurrence of seismic activity.

“Our school district now conducts earthquake drills,” Azle Mayor Alan Brundrette said at Monday’s hearing.

The oil and gas industry could face considerable costs with new regulation. And already the Texas Oil and Gas Association has set up its own group to study the earthquakes.

“This group is in the process of developing standards for considerations related to disposal well siting and seismic activity,” Deb Hastings, executive vice president of the association, said in a statement.

Scientists at SMU want to get access to the companies’ logs of injection wells around Azle. Then they could see the volumes and pressure of the liquids being pumped underground.

Call for answers

The Railroad Commission sent out letters to seven operators last week, including XTO Energy and Devon Energy. They requested well logs, as well as seismic maps with the hopes of identifying underground faults.

Rister said the data was proprietary, and the companies did not want it becoming public.

“We all want to be respectful of industry’s proprietary interest. Nobody expects anything to become open record,” responded state Rep. Phil King, R-Weatherford.

During Monday’s hearing, legislators repeatedly pushed the Railroad Commission to take charge of the inquiry.

No guarantee

But Craig Pearson, the commission’s newly hired seismologist, said there was a chance they would never have definitive answers.

“I’m hopeful we’ll be able to say we have studied this problem to the degree we can make a definitive statement on what caused the earthquakes,” he said.

“I will not guarantee that. But that’s what I hope.”

Rob Lawrence
Region 6
Policy Advisor - Energy Issues
214.665.6580